Insurance Corporation of British Columbia

Service Plan

2013 – 2015

February 2013

Insurance Corporation of British Columbia

Library and Archives Canada Cataloguing in Publication Data

Insurance Corporation of British Columbia.

Service plan. — 2002/2004-Annual.

Also available on the Internet.
Continues: Insurance Corporation of British Columbia. Performance plan.
1. Insurance Corporation of British Columbia – Planning - Periodicals. I. Title. II. Title: Insurance Corporation of British Columbia ... service plan. III. Title: ICBC service plan.

HG9970.A68C36 368.'092'068409711'05 2005-960261-9
Service Plan 2012–2014

Table of Contents

Introduction 1

Letter from the Chair of the Board 2

Overview of ICBC 3

ICBC Points of Service 5

Operating Structure 5

Governance 6

Strategic Context 8

Corporate Strategy 14

Strategy Summary 24

Alignment with Government's Letter of Expectations 25

Summary Financial Outlook 26

Introduction

Purpose

The Insurance Corporation of British Columbia's (ICBC) 2013 – 2015 Service Plan presents an overview of our 3-year plan to fulfill responsibilities for providing vehicle insurance, driver licensing, and vehicle licensing and registration services. In this Service Plan, we set out our performance accountability to the public by describing:

- Where we envision ourselves in three years;
- The goals and objectives we need to achieve to realize this vision; and
- How we define and measure progress on achieving these goals and objectives.

In 2014, we will publish our 2013 Annual Report detailing our progress in achieving the goals set out in this Service Plan. The Service Plan and Annual Report are companion documents and central to the broader accountability framework for Crown corporations. In developing the Service Plan, we have relied on guidance from various sources, including the following:

- The Letter of Expectations between ICBC and government, which can be found on **www.icbc.com**.
- The provincial government's *Review of Insurance Corporation of British Columbia*, August 2012, which can be found on **http://www.fin.gov.bc.ca/ocg/ias/pdf_docs/ICBC_Review_2012.pdf**.
- The provincial government's *Crown Corporation Service Plan Guidelines*, September 2012, which can be found on **http://www.gov.bc.ca/caro/attachments/service_plans/2013/2013_14_15_16_service_plan_guidelines.pdf.**
- The Legislative Assembly of BC's Select Standing Committee on Crown Corporations (SSCCC) in *A Guide to Operations*, April 2003, which can be found on **www.leg.bc.ca/cmt/37thparl/session-5/cc/media/A_Guide_To_The_Operations_(28Apr03).pdf.**

Balancing Accountability and Commercial Sensitivity

We are committed to providing customers and the public with information needed to understand our plans and to evaluate our performance against those plans. This is fundamental to the governance of any Crown corporation.

We compete with other insurance companies in the sale of optional vehicle insurance products in British Columbia (BC). Due to commercial concerns, this Service Plan does not provide specific competitive information pertaining to our Optional insurance business.

Contact Information

Insurance Corporation of British Columbia
151 West Esplanade
North Vancouver, BC
V7M 3H9

Telephone:
Lower Mainland: 604-661-2800
Elsewhere in BC, Canada, or US: 1-800-663-3051

Email address: www.icbc.com/contact-us
ICBC website: www.icbc.com

Letter from the Chair of the Board

The Honourable Mary Polak
Minister of Transportation and Infrastructure
Government of British Columbia

Dear Minister,

On behalf of ICBC's Board of Directors and employees, I am pleased to present our 2013 – 2015 Service Plan.

This Service Plan is prepared under the direction of the Board of Directors in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The plan is consistent with government's strategic priorities and fiscal plan, as well as with ICBC's mandate and goals. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The performance measures and targets focus on aspects critical to ICBC's performance within its operating environment, and have been developed with due consideration of forecast conditions, risk assessments, and past performance. All significant assumptions, policy decisions, events, and identified risks as of January 31, 2013, have been considered in preparing the plan.

Our Service Plan is guided by government's direction via ICBC's Board of Directors, and also by ICBC's vision of becoming BC's preferred auto insurer, providing protection and peace of mind. While our long-term strategic objectives continue to be unchanged, we have refocused our direction on keeping insurance rates as low as possible, while moderating rate fluctuations. This is of critical importance to our customers.

To achieve this, the corporation has renewed its focus on controlling costs and being financially stable, while ensuring we meet the needs and expectations of customers. Our 2012 operating costs were reduced by $48 million from 2012 plan and further reductions are being targeted for 2013. These changes, coupled with our ongoing work to manage the growth in bodily injury claims, are important steps towards stabilizing insurance rates.

We remain committed to our Transformation Program, which is renewing ICBC's aging technology and putting the right systems and business processes in place to support the services customers expect today and into the future. We also expect to deliver future financial savings as part of this investment in new systems and processes. In 2013, we will begin implementing our new claims system and continue with the planning and development of our new insurance core system. This is an exciting time as the new claims system will make our claims handling processes more efficient by streamlining processes, requiring less paperwork, and best of all, saving time for our customers. We have also begun planning for the replacement of our legacy driver licensing systems.

ICBC will continue its ongoing work with key government ministries and community partners on priorities important to British Columbians. These include actively supporting the BC Services Card implementation, which replaces the current CareCard for the Medical Services Plan (MSP) program and serves as both a health card and government-issued identification. ICBC will be providing identity proofing, card production, and issuance services.

ICBC plays an important role in providing affordable and competitive auto insurance to British Columbians and operating the Province's driver licensing and vehicle registration systems. The ICBC team remains committed to meeting the needs of our customers today and into the future. We thank our customers for their business and look forward to continuing to provide excellent service to them.

Paul Taylor
Chair, Board of Directors

Overview of ICBC

The Insurance Corporation of British Columbia is a provincial Crown corporation established in 1973 to provide universal auto insurance to BC motorists. We're also responsible for driver licensing, and vehicle licensing and registration.

Vision

ICBC will be BC's preferred auto insurer, providing protection and peace of mind.

Mission

We deliver quality auto insurance products and services at competitive prices through a knowledgeable team committed to our customers.

Values

Integrity

- Our business is based on trust. We are honest, ethical, straightforward, and fair.

Dedication to Customers

- We exist to serve our customers. We listen actively and are responsive to their needs.

Accountability

- We hold ourselves and each other accountable for our actions and the success of our business.

Caring

- We care about our customers' well-being and ensure they feel supported by treating them with dignity and respect.
- We care about each other's well-being and create an environment that promotes personal growth.
- We care about our communities by supporting road safety programs and being environmentally responsible.

Insurance Services

ICBC is the sole provider of universal compulsory auto insurance (Basic insurance) in the province. Our Basic rates and service are regulated by the British Columbia Utilities Commission (BCUC). We also sell Optional auto insurance products in the competitive marketplace.

Under Basic insurance, private passenger and commercial vehicle owners are provided with up to:

- $200,000 in third party liability protection;
- $150,000 for medical and rehabilitation costs for each injured person;
- $1 million at-fault underinsured motorist protection.

Buses, taxis, limousines, and extra-provincial trucking and transport vehicles have higher mandatory levels of insurance. Under Optional insurance, the coverages that we offer include, but are not limited to, extended third party liability, collision, comprehensive, and vehicle storage. For a complete list of our Optional insurance products, please visit **www.icbc.com**.

Auto insurance in BC is based on a full tort system, which means that an at-fault driver or vehicle owner may be taken to court for the full amount of damages. In addition, an injured party has access to accident benefits coverage regardless of fault. This coverage includes medical and rehabilitation expenses and up to $300 per week for wage loss. In other provinces in Canada, auto insurance may be based on tort with caps, no-fault, or a mixed no-fault and tort system. In these auto insurance systems, compensation may be based on predetermined benefit schedules regardless of fault, thresholds and/or caps or deductibles on pain and suffering awards, and little or no ability to sue for further damages. These differences, and different driving conditions and traffic density, make inter-provincial comparisons difficult since the products, services, and cost structures of each are unique.

ICBC operates as an integrated company that provides significant benefits to customers in terms of cost efficiencies and convenience. With annual earned premiums of approximately $3.8 billion,[1] approximately $14 billion in assets, and approximately 5,000 full-time equivalent employees, we are one of the largest property and casualty insurers in Canada. For more information on our products and the auto insurance system in BC, please visit **www.icbc.com**.

[1] Please refer to the Summary Financial Outlook table on page 27.

Loss Management Programs

ICBC invests in road safety initiatives and fraud prevention that help reduce claims costs, giving customers the best coverage at the lowest possible price. We work with a network of partners across the province to deliver road safety programs that help protect customers from risks on the road by preventing and minimizing the impact of crashes and crime. We minimize the adverse effect on premiums caused by fraud through various programs, as well as work with law enforcement to prevent, detect, and investigate fraud. Our partners include the Ministry of Justice and Attorney General, the enforcement community, the Ministry of Transportation and Infrastructure, municipalities, community groups, and volunteers. For more information, please visit **www.icbc.com** under *Road Safety*.

Non-Insurance Services

In addition to the Basic insurance and Optional insurance lines of business, we provide driver licensing services, vehicle licensing and registration services, and fines collection on behalf of the provincial government. We refer to the provision of these services as our non-insurance line of business. These non-insurance services are outlined in the Service Agreement between ICBC and the Province, and their costs are funded through Basic insurance premiums.

ICBC will also be providing identity proofing, card production, and issuance services for the BC Services Card. As well, we have begun planning for the replacement of our legacy driver licensing systems.

There have not been any other significant shifts from our last Service Plan (*ICBC Service Plan 2012 – 2014*) in relation to our provision of insurance and non-insurance services, and in the delivery of loss management programs.

Key Business Partners and Stakeholders

ICBC delivers its services in partnership with:

- Independent insurance brokers who provide auto insurance products and vehicle licensing and registration services to the public and are guided by the agreement with ICBC's broker partners;
- A broad base of suppliers in the automotive industry, guided by performance-based agreements with individual suppliers;
- The medical community to assist injured customers in getting well;
- Government agents and appointed agents that provide driver and vehicle licensing and registration services, as well as sell ICBC insurance products in a number of rural communities;
- The Office of the Superintendent of Motor Vehicles and Police Services within the Ministry of Justice and Attorney General, with whom we work together in a number of areas, including driver licensing and road safety;
- Road authorities (e.g., the Ministry of Transportation and Infrastructure) and municipalities to share costs of road improvements that decrease the frequency and severity of crashes;
- Police and enforcement agencies to enhance road safety; and
- A host of diverse community organizations that support the delivery of our safety and auto crime programs.

For more information, please visit the *Business Partners* page on **www.icbc.com**.

ICBC Points of Service

ICBC offers insurance products to approximately 3.4 million policyholders through a province-wide network of approximately 900 independent brokers, government agents, and appointed agents. Our claims-handling services process approximately 900,000 claims per year through our province-wide network of 38 claims servicing locations, and the various Express Glass and repair facilities across the province. Further information about the claims process can be found through **www.icbc.com**.

We also provide driver licensing services through 119 offices, including driver licensing offices, government agents, and appointed agents throughout the province. We deliver our products and services in partnership with businesses and organizations in communities throughout British Columbia, including insurance brokers, auto repair facilities, and health service providers. Our partners are involved in different aspects of the insurance and claims processes such as the sale of our insurance product, repairs to damaged vehicles, provision of rehabilitation services, as well as management of road safety and loss management programs in conjunction with law enforcement agencies. For further information on our points of service in British Columbia, please visit **www.icbc.com**.

Operating Structure

Basic and Optional Operations

We operate our business through an integrated business model, providing Basic and Optional insurance products and services. This model provides benefits to our customers such as ease of service and economies of scale, which in turn leads to lower rates. While we operate and manage the company on an integrated basis, from a regulatory perspective we are required to identify or allocate premium revenues and costs as either Basic or Optional. More information on the role of BCUC can be found in the next section, *Governance*.

In our effort to operate more efficiently, we are streamlining our organizational structure to support reducing operating costs. We are also implementing an organization design policy, which will restructure executive and management responsibilities, reduce certain staff functions, increase span of control for some managers, and consolidate key staffing functions.

There have not been any other significant shifts or changes in our business areas, program delivery, or internal operating environment from the previous year.

Operating Subsidiaries

A portion of ICBC's investment portfolio is held in real estate. ICBC holds each of its investment properties in fully-owned nominee holding companies. ICBC does not have any other active operating subsidiary companies.

Governance

ICBC's governance is defined through legislation applicable to all Crown corporations, and legislation specific to the company itself. ICBC's corporate governance is further defined by the Government's Letter of Expectations between the minister responsible for ICBC as a representative of the Government of British Columbia, and the chair of ICBC's Board of Directors as a representative of ICBC. The Minister of Transportation and Infrastructure is the minister responsible for ICBC.

Legislative Framework

ICBC is a Crown corporation continued under the *Insurance Corporation Act* and is subject to the *Budget Transparency and Accountability Act (BTAA)* and the *Freedom of Information and Protection of Privacy Act*. Under these provincial laws, we are accountable for making public our strategic plan (i.e., Service Plan) and performance against the plan (i.e., Annual Report). In addition, we are required to provide financial and other information in accordance with the requirements of applicable legislation. In terms of providing Basic and Optional insurance and non-insurance services on behalf of government, ICBC must adhere to a number of acts, including:

- *Insurance (Vehicle) Act*
- *Motor Vehicle Act*
- *Commercial Transport Act*
- *Motor Vehicle (All Terrain) Act*

ICBC as a Regulated Crown Entity

The British Columbia Utilities Commission (BCUC), as the independent regulator for ICBC, approves Basic insurance rates and ensures that our provision of service for our Basic product is adequate, efficient, and reasonable. As we are the sole provider of Basic insurance, this regulatory environment is important for BC, providing customers with an independent and transparent review of our Basic insurance rates and an opportunity to be heard and involved in the review.

The BCUC's regulation of ICBC's Basic insurance business includes regular reviews of financial allocation between Basic and Optional insurance lines of business, revenue requirements for Basic insurance, and Basic insurance rate design. Although the majority of premium revenues and costs are specifically identifiable as Basic or Optional, certain costs are not tracked separately. For those revenues and costs that are not specifically attributable to Basic or Optional, a pro-rata method of allocation is used to allocate the revenues and costs between the two lines of business. This method allocates revenues and costs to each line of business based on the drivers of those revenues and costs, the degree of causality, and any directives from the BCUC. Directives are applied on a prospective basis.

A breakdown of actual revenues and allocated costs can be found in the *Notes to Consolidated Financial Statements* section in our Annual Report. This can be found at **www.icbc.com**. Information on the allocation methodology can be found in BCUC's decisions on our submissions, which can be viewed at **www.bcuc.com**.

We continue to work with the BCUC to achieve effective and efficient regulation that contributes to an open and transparent regulatory process for the setting of Basic insurance rates. More information on the BCUC is available on its website, **www.bcuc.com**. ICBC's current regulatory proceedings can be found on **www.icbc.com** under *About ICBC*.

Government's Letter of Expectations

The Government's Letter of Expectations between the Government of British Columbia and the corporation outlines their respective roles and responsibilities, and on the corporate mandate including high-level strategic priorities, public policy matters, and performance expectations. It is reviewed and updated annually. For specific information, please refer to the section on *Alignment with Government's Letter of Expectations* in this Service Plan.

ICBC Board Governance

The Board of Directors guides ICBC in fulfilling its mandate and sets our corporate direction. The Board and Executive Team approve our vision, mission, and values that guide us. The Board sets goals for our performance and these goals and associated objectives are the basis upon which accountability and performance are evaluated. Performance against these goals and objectives is reviewed and reported regularly.

The governance processes and guidelines outlining how the Board will carry out its duties of stewardship and accountability are set out in the *Board Governance Manual*, which is updated annually by the Board's Governance Committee. ICBC's Board complies with the *Board Resourcing and Development Office Guidelines* and has adopted the guiding principles included in the provincial government's *Governance Framework for Crown Corporations: Best Practices Governance and Disclosure Guidelines* (**www.fin.gov.bc.ca/brdo/governance/corporateguidelines.pdf**). For more detail on these governance principles, please refer to the Annual Report.

Further information on Board policies and members is available on our website, **www.icbc.com** under *About ICBC*.

Board Governance Structure

Board of Directors

Mandate: To foster the corporation's short and long-term success consistent with the Board's responsibilities to the people of British Columbia as represented by the Government of British Columbia.

Chair: Paul Taylor
Members: Catherine Aczel Boivie, William Davidson, Byron Horner, Maureen Howe, Ron Olynyk, Jatinder Rai, Stacy Shields, Richard Thorpe

Executive Team

Mandate: The primary role of the Executive Team is to lead the management of ICBC's business and affairs, and to lead the implementation of the plans and policies approved by the Board of Directors (the "Board") of ICBC.

Interim President & CEO: Mark Blucher
Members:
Steve Crombie, Vice-President, Communications & Marketing;
Sheila Eddin, Vice President, Transformation;
Kellee Irwin, Vice-President, Insurance and Driver Licensing (Acting);
Brian Jarvis, Vice-President, Claims (Acting);
Kathy Parslow, Vice-President, Corporate Services;
Andy Platten, Chief Information Officer;
Len Posyniak, Vice-President, Human Resources;
Geri Prior, Chief Financial Officer

Governance Committee

Purpose: To provide a focus on governance for ICBC that will enhance ICBC's performance.

Chair: Jatinder Rai
Members: Catherine Aczel Boivie, Byron Horner

Audit Committee

Purpose: To assist the Board in fulfilling its oversight responsibilities by reviewing: (i) financial information; (ii) systems of internal controls and risk management; and (iii) all audit processes.

Chair: William Davidson
Members: Byron Horner, Ron Olynyk, Richard Thorpe

Investment Committee

Purpose: To recommend and review investment policy for both ICBC and any pension fund of which ICBC is an administrator.

Chair: Maureen Howe
Members: William Davidson, Ron Olynyk

Human Resources and Compensation Committee

Purpose: To assist the Board in fulfilling its obligations relating to human resource and compensation policies.

Chair: Byron Horner
Members: Maureen Howe, Jatinder Rai, Stacy Shields

Transformation Program Committee

Purpose: To assist the Board in overseeing the management of ICBC's business renewal efforts ("Transformation Program").

Chair: Catherine Aczel Boivie
Members: Ron Olynyk, Richard Thorpe

Government Review Committee

Purpose: To implement the recommendations from the Government Review and to ensure implementation of the commitments made by the Board and to monitor outcomes.

Chair: Richard Thorpe
Members: Catherine Aczel Boivie, Byron Horner, Maureen Howe, Jatinder Rai, Paul Taylor

Strategic Context

Almost 40 years ago, ICBC was created to provide universal auto insurance to motorists in BC. ICBC is the sole provider of Basic auto insurance and driver-related services on behalf of the Province of BC. We remain committed to providing the best possible coverage at the lowest possible price for BC drivers, while investing in the business and adopting new technologies to provide the services our customers value.

As we look to the future, the context of the external issues faced by ICBC and the industry has been considered in ICBC's plan. Growing populations, changing demographics and driving patterns, and new technologies are influencing what customers want. At the same time, costs associated with repairs, rising bodily injury claims costs, and property damage are increasing. We are currently operating in a challenging economic environment.

Industry Context — Property and Casualty Insurance

The insurance industry, which includes property and casualty (P&C) insurance, as well as life insurance, is affected by external factors including natural disasters, the economy, and regulatory trends, which impact profitability and rate stability. The following section provides an overview of recent events that may pose risks to the insurance industry and its consumers.

The Canadian P&C market experienced modest results in 2011. While there were some improvements in financial performance relative to 2010, historically low interest rates continued to negatively impact investment income, which impaired overall profitability and put pressure on insurers' capital levels. Property claims costs increased significantly, driven by severe weather conditions and large natural catastrophes that occurred in 2011, a trend that has continued into 2012.

Despite this instability, the overall Canadian P&C industry posted a positive underwriting income in 2011, compared to a loss in the previous year. According to the Insurance Bureau of Canada, the industry's return on equity (ROE) also rose slightly in 2011 to 8.0%, a modest improvement over the previous year's ROE of 7.5%.[2] Since the start of the economic downturn in 2008, however, the industry ROE has remained relatively flat.[3]

For the first half of 2012, the Canadian P&C industry has shown some improvement in the personal, commercial, and reinsurance sectors. Such improvements can be attributable to higher property rates, more favourable weather conditions through the first half of the year, and also improved results in Ontario auto due to significant rate increases and the potential impacts of the September 2010 auto insurance regulatory reforms. Natural catastrophes, volatility in investment markets, historically low interest rates, and global economic uncertainty continue to be risks to the P&C industry.

Automobile Insurance in Canada

Automobile insurance is the largest class of insurance in the Canadian P&C industry, accounting for approximately half of direct premiums written within the industry.[4] The automobile insurance product offered in each province differs, varying from full tort system in BC, to no-fault or mixed threshold no-fault and tort systems.

Premium growth continued from 2011 into 2012, largely due to rate increases in key jurisdictions such as Ontario. However, increasing bodily injury claims costs continue to be a challenge and a significant cost driver in the BC auto insurance market, and other Canadian auto jurisdictions.

In recent years, auto insurance product reform has been introduced in Ontario, Alberta, and the Maritime provinces, intended to address rising claims cost trends over the longer term.

Ontario is the largest auto insurance market in Canada and operates under a threshold no-fault system. Ontario's regulatory reforms, which were brought into effect September 2010, focused on rate stabilization and ensuring affordability of the auto insurance product, and included more choice for customers, as well as reduced transaction costs.[5] In the first half of 2012, improved results in Ontario auto can be partially attributable to the reforms, which now have worked their way through policy renewal cycles, rate increases, and presumable slowdown of fraud due to fraud suppression initiatives underway.[6] Though the reforms have experienced some success, the auto insurance rates in Ontario are still considered expensive.[7]

[2] Canadian Underwriter Statistical Issue 2012.
[3] MSA Researcher.
[4] Ibid.
[5] Government of Ontario website: http://news.ontario.ca/mof/en/2009/11/ontarios-proposed-auto-insurance-reforms.html.
[6] MSA Quarterly Outlook Report Q2-2012.
[7] http://www.newswire.ca/en/story/1012655/ibc-launches-outreach-to-explain-why-the-price-is-wrong-for-ontario-auto-insurance.

Alberta is also a key Canadian auto insurance market and operates under a tort system with a cap on minor injury claims. Alberta's Auto Insurance Rate Board (AIRB) has reduced premiums for compulsory auto insurance by 18% since 2004. These reductions were due to positive impacts on claims costs attributable to the cap on minor injury claims being upheld. As a result of increases to bodily injury frequency and property damage collisions, as well as lower investment income, the AIRB is now permitting insurers to increase premium levels for compulsory auto insurance up to 5%. This change came into effect November 1, 2012, and is the first increase since 2008. However, both the insurance industry and the AIRB's actuary agreed that a double-digit percentage increase was warranted.[2]

Nova Scotia and New Brunswick, which are also based on a tort system with a cap on minor injury claims, reviewed their auto insurance systems at the end of 2010 and through the first half of 2011. From its review, regulatory reforms in Nova Scotia for increased enhanced no-fault limits were made effective in April 2012, and an optional tort product for minor injuries is planned to be introduced in 2013. In New Brunswick, the amount of the minor injury cap and the definition of "minor injury" are currently under review by the New Brunswick government.

The provincial insurance system reviews and reforms elsewhere in Canada are not expected to directly impact the auto insurance industry in BC. However, BC continues to be affected by global economic uncertainty, low interest rates, and rising claims costs.

Regulatory Environment

The key regulatory highlights relevant to the insurance industry include the following:

- Subsequent to the results of the BC HST referendum held in 2010, the government introduced legislation on May 14, 2012, to meet government's commitment to return to the Goods and Services Tax/Provincial Sales Tax (GST/PST) on April 1, 2013. As a result, companies will need to ensure compliance and transition of systems, processes, and procedures in accordance to GST/PST requirements, and will need to be legislatively compliant in their day to day operations with respect to the collection and payment of taxes, as well as the responsibilities carried out on behalf of the provincial government. ICBC is currently in the process of transitioning our systems, processes, and procedures to be compliant with the GST/PST requirements on April 1, 2013. The return to the GST/PST will put pressure on ICBC's financial performance as PST paid on expenses is not recoverable and therefore absorbed by ICBC.
- ICBC implemented International Financial Reporting Standards (IFRS) effective January 2011. Since that time, ICBC has continued to adopt new standards and interpretations that are relevant to the operations of our organization, and the results are reflected in ICBC's financial metrics.
- ICBC's calculation of minimum capital test (MCT) adheres to the *Guidelines for MCT for Federally Regulated Property and Casualty Insurance Companies* as issued by the Office of the Superintendent of Financial Institutions Canada for the respective time period in which the guidelines apply.

[2] http://www.canadianunderwriter.ca/news/alberta-automobile-insurance-rate-board-airb-permits-premium-increase-of-up-to-5/1001575900/.

Key Strategic Issues and Risks

Looking ahead to 2013 – 2015, we have identified a number of issues and risks that could impact our future performance.

Key Strategic Issues

Economic Environment

The global economic outlook remains uncertain. The current economic environment, with historically low interest rates in combination with rising bodily injury costs, continues to put pressure on our financial performance

High-Risk Drivers

High-risk drivers are a serious concern as they cause a disproportionate number of crashes and these crashes are very costly, which in turn affect all of our customers' insurance premiums. In an average year, approximately 183 people are killed as a result of high-risk driving behaviours such as speed, driving while distracted, following too closely, ignoring a traffic control device, failing to yield, and improper passing. An additional 113 people die in motor vehicle crashes involving impaired driving. ICBC will continue to partner with law enforcement and other stakeholders to raise awareness of the risks and consequences of high-risk driving behaviours.

Key Strategic Risks

ICBC's Corporate Risk Management Framework is approved by the Board of Directors and defines the approach used to assess and manage corporate risk. Consistent with good governance practices and insurance sector practices, ICBC manages risk from an organization-wide perspective.

The Corporate Risk Management Framework considers both external and internal environments and the risks and challenges associated with each. The framework is used by ICBC executives and Board of Directors to discuss and monitor strategic risks and mitigation strategies. Managing corporate risk is an ongoing process as new risks emerge over time, strategic risks evolve, existing risks change, the external environment changes, and risks may be reduced or eliminated through mitigation strategies or changes in the risk profile.

Our risk management practices encompass management, system, and financial controls designed to provide reasonable assurance that tangible and intangible assets are safeguarded and transactions are properly authorized and recorded. The controls include written policies and procedures, an organizational structure that segregates duties, and a comprehensive program of periodic risk-based audits by the internal auditors who independently review and evaluate these controls. We continually monitor these internal controls, modifying and improving them as business conditions and operations change. Policies and processes that require employees to maintain the highest ethical standards have been instituted.

ICBC recognizes the inherent limitations in all risk management frameworks and believes the current framework provides an appropriate balance between costs and desired benefits. We believe that the systems of management controls provide reasonable assurance that the strategic business risks have been appropriately addressed. The quarterly review by executive and the Board of Directors of these strategic business risks provides a regular review process to ensure mitigation strategies are in place to reduce these risks to acceptable levels.

The key strategic risks and mitigation strategies identified on the following pages are considered and incorporated into our corporate strategy, as outlined in this Service Plan, and into detailed operational plans.

Description of Risks:	Mitigation Strategies:
Objective: Improve Customer Experience	
• **Stakeholder Management** The risk that key stakeholders who influence customers hinder the ability to achieve ICBC's strategy and business model.	• We will continue to take proactive steps to work with key stakeholders and suppliers to build strong collaborative relationships to enhance customers' experiences and a shared commitment to achieving common business objectives. • The Strategic Broker Accord and Broker Customer Experience Award (performance-based incentive program) allows ICBC to recognize brokers' performance and contributions to customer experience. • ICBC is committed to having a timely and consistent relationship with the minister responsible for ICBC and other government ministries and agencies, to maintain collaborative relationships.
• **Privacy** The risk that customers' and employees' trust in ICBC will be diminished due to breaches by ICBC or business partners in safeguarding their personal information.	• ICBC is updating its privacy policy in 2013 to reaffirm ICBC's privacy obligations and policies on disclosure of information to third parties. The policy includes employee responsibilities with respect to access to and handling of customer information. • ICBC has data security measures, policies, and proactive data monitoring in place governing the access and use of corporate data and systems. The new claims system, to be implemented in 2013, has been designed to strengthen segregation of information available to employees to reduce the breadth and depth of access to customer information. • An annual review and completion of ICBC's Code of Ethics and Information Security and Privacy tutorials, along with Privacy Practices & Responsibilities, are required for all employees and contractors. ICBC stakeholders also complete a privacy tutorial. • An enhanced, mandatory Privacy Impact Assessment (PIA) program has been embedded within the governance and approval processes for all projects, including our business renewal and government-directed projects (i.e., BC Services Card), so that privacy is considered early in and throughout the project life cycle. • All business relationships require ICBC's business partners to acknowledge their responsibility for managing the privacy of any customer information a contractor would access in connection with their engagement.
• **Access to Systems** The risk that system-dependent operations could be intentionally or accidentally compromised due to unauthorized access to and/or use of ICBC's systems/ data.	• An enterprise-wide Information Technology Security Program is in place, which provides directive, preventive, deterrent, and detective controls over access to information and technology assets. • Policies and procedures are in place to initiate, authorize, and grant access to ICBC systems and data by employees, as well as certain business partners (e.g., brokers) and other third parties (e.g., government ministries). • System access controls include layered defenses, encryption of data on portable media, and access granted on a 'least privilege' principle (and revoked when employees change positions), and strong passwords. • Proactive monitoring is in place to detect potentially inappropriate access to data and customer information managed by ICBC. • Annual completion of Information Security and Privacy tutorial is mandatory for all employees and contractors to understand ICBC's expectation in terms of protecting customer and corporate data. • Security requirements are considered in the acquisition and implementation of any new software packages.

Description of Risks:	Mitigation Strategies:
Objective: Improve Employee Experience	
• **Workforce Planning** The risk that ICBC cannot deliver its core business or change initiatives due to alignment, capability, capacity, and readiness of its leaders and employees.	• As we are undergoing business renewal efforts over the next 2-5 years, we are also actively managing the retirement risk of key employees, workforce capacity, and readiness of our leaders and employees to support delivery of our core business and change initiatives. • As part of cost reduction and control initiatives, we have restructured executive and management responsibilities, reducing certain staff functions and increasing span of control for some managers. We are currently redesigning our performance management program but ICBC will continue to focus employees on being accountable for individual performance and delivering measurable results. • As we restructure executive and management responsibilities, we will continue to focus on ensuring we have the right talent, training, and leadership development programs for the future business model. • We will attract and retain the required skills, talent, and experience at an affordable cost to customers. • A Collective Agreement covering the period July 1, 2010, to June 30, 2014, was reached with the union in December 2012, providing a workforce ready to serve ICBC's customers and deliver on the implementation of the Transformation Program.
Objective: Maintain Financial Stability	
• **Bodily Injury Claims Costs** The risk that insurance rates increase at a rate that is unacceptable to customers due to rising bodily injury claims costs.	• Strategies to address crashes and claims costs are a priority for ICBC and include a coordinated corporate effort. • These strategies and initiatives encompass improvements to claims handling tactics and litigation strategies to reduce bodily injury severities and legal costs. • ICBC will be reviewing potential legal process changes for early resolution and fair settlement for auto injury claims. • We will improve customers' trust of ICBC through our communications, reinforced during the experience our customers have as they interact with us. • Other strategies to reduce claims costs include road safety initiatives to reduce proportion of crashes that result in injury and analytics to prevent and detect fraud.
• **Financial Markets** The risk that market value of investments and/or investment income is negatively impacted by adverse changes in market credit or liquidity conditions, equity prices, interest rates, or currency.	• ICBC's *Statement of Investment Policy and Procedures* addresses ICBC's risk tolerance and investment goals, and specifies a long-term investment asset mix and fixed income duration consistent with these objectives. The policy is based on prudence and regulatory requirements, and provides guidelines for balancing the levels of risk and return in ICBC's investment portfolio. • We will be undertaking a regularly scheduled review of the *Statement of Investment Policy and Procedures* in 2013. • ICBC follows a long-term strategy and diversifies its investment holdings to manage investment return fluctuations. • ICBC closely matches bond duration to its liabilities, which reduces ICBC's overall interest rate risk. • ICBC's Corporate Credit Policy manages credit risk from an enterprise-wide perspective.

Description of Risks:	Mitigation Strategies:
Other Significant Corporate Risks	
• **Business Renewal** The risk that ICBC does not deliver on the core capabilities of ICBC's business strategy (e.g., Transformation Program and other corporate projects underway) due to its size, complexity, and inter-dependency with other corporate risks.	• We have a comprehensive governance model with strict approval process that provides oversight on scope, timelines, and budget. ICBC's internal and external oversight bodies (i.e., Board of Directors, Executive Committee, a third party independent risk advisor of the Board) ensure decisions align to corporate strategy to support the business transformation underway and other corporate projects (including government-mandated projects such as the GST/PST project and BC Services Card). • Delivery of government-requested projects is subject to Treasury Board approval and these projects have oversight from steering committees with government and ICBC participation. • ICBC has established a robust interdependency management process to identify, track, and communicate dependencies between multiple projects so that customers will not be impacted as we renew our technology systems. • Changes to ICBC's systems and business are carefully coordinated to consider the impact on customers and stakeholders, as well as to provide adequate and timely training to employees on new systems so that customer service is not impacted.
• **Technology** The risk that information technology solutions and services required to support the changing business environment cannot be delivered in a timely and cost-effective manner.	• We are using proven methods, tools, and experienced technology partners to deliver technology solutions within the expected timeframe (e.g., principle of acquiring configurable, commercial off-the-shelf (COTS) technology rather than custom-building solutions to speed deployments). • ICBC has established strategies to manage the workforce transition into the new environment, which includes training, knowledge transfer, recruitment, and resource planning. • ICBC has strengthened technology alignment governance to ensure that decisions made today regarding ICBC's technology and solutions will meet current business needs but also position ICBC for the future.
• **Business Interruption** The risk that operations cannot be maintained or essential products and services cannot be provided due to business interruption arising from workforce, physical, and/or technical events.	• ICBC's business interruption risk is managed through three related programs: Emergency Response Program (employee safety, building evacuations), Business Continuity planning (continued essential customer services during interruption), and IT disaster recovery planning (ICBC's Data Centre). • ICBC's Essential Service Designation manages business interruption risk by continuing to provide essential customer service through any labour disruptions. • ICBC conducts an annual test of both the Business Continuity plans and the IT Disaster Recovery Program with improvements made by management to ensure a successful recovery program. Disaster recovery plans are developed and tested in accordance with industry practice. • ICBC's offsite data centre provides a secure and stable environment for our information systems and corporate data. Critical systems and applications are replicated at a second site so that they are ready in the unlikely event of disaster at the primary site. • Implementation of our second site data centre provides capacity and capabilities to support disaster recovery of new systems and technology that ICBC is implementing.
• **Catastrophic Loss** The risk that ICBC's capital strength is eroded in the event of a major disaster.	• In the event of claims losses resulting from catastrophes such as an earthquake, ICBC has financial protection through a reinsurance program that is reviewed and renewed annually by the Board. Losses experienced in excess of a specified amount will be covered by the reinsurance policy up to the policy limits. • In addition to protection against individual catastrophic events, the reinsurance program protects ICBC against abnormally large claims losses by limiting the amount for which it is liable in any single event and in any given year.

Corporate Strategy

ICBC's corporate strategy has been updated to reflect its current direction to refocus on working to keep insurance rates as low as possible for drivers, which is of critical importance to customers and the people of British Columbia in these current challenging economic times.

While this update does not change our long-term vision to be BC's preferred auto insurer, providing protection and peace of mind to all British Columbians, it does clarify what needs to be done to address the issues facing ICBC over the next several years.

Vision Statement: *To be BC's preferred auto insurer, providing protection and peace of mind.*

Corporate Goal: *We must improve our customers' experiences and earn their trust. We will do this by keeping auto insurance rates as low as possible and delivering excellent service consistently in areas important to them. To be successful, we aim to be a performance-driven corporation where our people are accountable, aligned, enabled, and motivated to achieve this goal.*

The updated corporate goal emphasizes ICBC's renewed focus on working to keep insurance rates as low as possible for customers. This shift in priority is necessary as we face an environment of increasing bodily injury claims costs, investment returns impacted by an uncertain world economic outlook, and a low interest rate environment. Of critical importance will be the need to exercise fiscal constraint in our operating costs and implementing a multi-pronged strategy to address rising claims costs in both the short and long term.

Through these times, ICBC will continue to provide customers excellent service and experiences and continue with the modernization of ICBC's aging systems through the Transformation Program. As major elements of the Transformation Program associated with insurance and claims handling are underway, we have also begun planning for the replacement of our legacy driver licensing systems.

ICBC will also continue its important partnerships with key government ministries and community partners on priorities important to British Columbians such as the BC Services Card, which replaces the current CareCard for the Medical Services Plan (MSP) program. These partnerships are an important aspect of the value that ICBC delivers as a Crown corporation to the province.

This overall vision and updated goal continues to be supported by our three strategic objectives with refreshed strategies to support their achievement.

Strategic Objectives	Strategies
Improve Customer Experience	• Understand our customers and deliver on what is important to them. • Build effective relationships with stakeholders to support improved customer experience.
Improve Employee Experience	• Support our people through change. • Develop accountable, aligned, enabled, and motivated leaders and employees.
Maintain Financial Stability	• Keep rates as low as possible while moderating rate fluctuations. • Manage increasing bodily injury claims costs. • Deliver an efficient and cost-focused corporation. • Align with our shareholder to support government priorities.

In the next sections, we will discuss how performance of our corporate strategy is measured and reported.

Performance Management and Reporting

Our performance measures align to our corporate strategy, strategic goal, and related objectives. Our strategic plan and performance against our plan are reported externally through the Service Plan and Annual Report.

In the setting of performance targets, one needs to consider ICBC's unique business model relative to other insurers in the P&C industry. Some of these unique traits include:

- Setting premiums to achieve and maintain our capital target rather than to maximize our return on capital;
- Operating under a full tort environment wherein the cost of settling a claim may be higher than in other jurisdictions that do not operate in the same system;
- Working under a mandate to provide automobile insurance to all drivers in BC;
- Implementing auto insurance rates that are not based on age, gender, or marital status; and
- Delivering a wide range of non-insurance services such as driver licensing, vehicle licensing and registration, and fines collection on behalf of the provincial government.

Due to these traits, we do not use industry benchmarks to set our corporate performance targets. However, we will use industry information for analysis and comparison purposes.

Our financial performance measures are derived from actual financial information, forecasted trends, and assumptions. Key corporate performance metrics such as the combined ratio, loss ratio, and expense ratio are analyzed against industry benchmarks and reported in the Annual Report.

Non-financial performance measures are generated by external sources. Independent firms are retained to conduct ongoing surveys of customers for the purposes of monitoring satisfaction and experience, as well as conducting an annual survey for the purpose of monitoring employee opinion. Other benchmarking studies focusing on specific areas of operation are also undertaken to support improvement in management practices internally.

Corporate performance measures are cascaded down to the respective divisions and down to individual performance plans as appropriate. This is accomplished through the alignment of divisional and individual accountabilities, measures, and targets to corporate strategy.

To review and monitor performance, we provide a monthly performance update to ICBC's Board of Directors, and we hold monthly corporate performance updates with the Executive Team. These updates include a review of all strategic performance measures, a forecast of year-end results, and a review of the corporate risk profile and potential issues impacting the corporate strategy.

The Audit Committee, composed of members of the Board of Directors, oversees the corporate risk management process and financial reporting. The committee meets no less than quarterly with executive, our internal auditors, and representatives of our external auditors, to discuss auditing, financial reporting, and internal control matters. Our financial statements are in accordance with International Financial Reporting Standards (IFRS) and are audited by our independent auditors on this basis.

Each of our strategic objectives and their performance measures are discussed in more detail in the following sections.

Improve Customer Experience

This customer objective has been updated to reflect a clarified focus on improving how we deliver value to customers. The key strategies to achieve this are two-fold.

Strategic Objective	Strategies
Improve Customer Experience	• Understand our customers and deliver on what is important to them. • Build effective relationships with stakeholders to support improved customer experience.

We remain focused on delivering on customer needs and expectations through excellent customer service and experiences, while still ensuring the lowest rates possible. We continue to be dedicated to serving customers cost effectively at our many points of service with hassle-free, reliable services, showing our care for them and earning their trust.

In an environment of fiscal constraint, it is also important to understand what is important to customers and what is not. Resources need to be focused in those areas that are most meaningful to customers. This not only means delivering products and services that customers will value, but also putting in the right programs in driver licensing and road safety to keep BC drivers safe.

We are committed to helping make roads safer and influencing driving behaviour to reduce crashes, injury, and death. We will continue to partner with law enforcement and other stakeholders on intersection safety cameras and support enhanced enforcement through our high-risk driving, speed relative to conditions, and impaired driving campaigns, which raise awareness about the risks, consequences, and choices regarding these risky driving behaviours.

At the same time, we will also strategically partner with additional key stakeholders and ministries on other important issues to British Columbians such as the BC Services Card.

Performance Measures and Targets

ICBC measures customer service performance based on the percentage of satisfied customers for each major transaction type: insurance product purchase, driver licensing, and claims. The design of ICBC's measures and targets reflects the inherent differences of these three key transactions. An independent research firm is retained to conduct ongoing surveys of customers for the purpose of monitoring transactional satisfaction.

Satisfaction targets for ICBC's Insurance Services, Driver Licensing, and Claims Services are set as core service standards for providing service to our customers. ICBC works to maintain or exceed these strong service standards to ensure customers are receiving positive experiences while interacting with ICBC.

Performance Measures	2011 Actual	2012 Outlook	2013 Target	2014 Target	2015 Target
Insurance Services Satisfaction	97%	97%	95%	95%	95%
Driver Licensing Satisfaction	94%	95%	95%	95%	95%
Claims Services Satisfaction	89%	90%	85%	85%	85%

Insurance Services Satisfaction

Independent insurance brokers process over 3 million policies each year. The insurance services satisfaction measure represents the percentage of customers satisfied with a recent insurance purchase transaction and is based on surveys of approximately 5,000 customers over the course of a year. This measure is typically over 90% and indicates the positive relationship ICBC and its brokers enjoy with customers.

Based on results to date, the 2012 outlook is expected to be 97%.

Driver Licensing Satisfaction

Each year, ICBC conducts approximately 1.5 million transactions relating to the issuance of driver licences and driver exams. The driver licensing satisfaction measure is used to determine the percentage of customers satisfied with their transactions with ICBC, which includes renewing a licence, taking a knowledge test, or undergoing a road test.

This measure is weighted by the number of transactions for each type of service and is drawn from a sample of over 5,000 customers surveyed throughout the year.

The 2012 outlook for ICBC's customer satisfaction for driver licensing is 95%.

Claims Services Satisfaction

Approximately 900,000 claims are processed each year through ICBC's call centre, claims centres and specialty departments such as, but not limited to, commercial claims and rehabilitation services throughout the province. The claims services satisfaction measure represents the percentage of customers satisfied with a recent ICBC claims transaction and is drawn from a sample of over 20,000 customers surveyed throughout the year.

Based on results to date, the 2012 outlook is expected to be 90%.

Improve Employee Experience

Having employees who are aligned, enabled, and motivated is critical to the achievement of our corporate strategy. This employee objective has been refined to reflect our focus on how we will improve employee experience.

Strategic Objective	Strategies
Improve Employee Experience	• Support our people through change. • Develop accountable, aligned, enabled, and motivated leaders and employees.

ICBC's corporate strategy involves the successful renewal of several major business systems and processes, and expanded organizational capabilities, to support improved customer experience. Improving our systems and making these changes requires the implementation of new organization design, along with new working environments, roles, and skills for employees. All of this is supported by a workplace that inspires our people, holds them accountable, and provides them with the necessary tools, training, and development to deliver to their potential.

In 2013, we will be continuing to experience major change as we modernize the company, particularly with the planned implementation of new claims management business processes and a new claims system. These changes will have significant impact in 2013 and will require a strong and disciplined effort to support employees through change.

Ultimately, the changes will support both a better employee experience and improved customer service delivery. An outcome of the new organization design will be clearer accountability and increased decision-making speed for employees, along with a more defined career path. To strengthen workforce capability, there is significant orientation planned to provide our employees with the skills and learning necessary for a successful transition to the new work environment. With the implementation of our new claims system, our claims handling processes will be more efficient and streamlined, requiring less paperwork and saving time for customers.

We will also continue to share updates to our corporate strategy and plans with employees, and continue to involve managers and employees in the development of business priorities. This will be accomplished by listening and communicating effectively, and providing managers with better tools, training, and resources to support their role as leaders in the company.

Performance Measures and Targets

In evaluating engagement, ICBC considers a number of factors that influence employee commitment to the company, including various aspects of workplace experience (e.g., support for learning and development), ability to recruit new employees, and retention rates. The employee engagement index, the result of an annual employee opinion survey, is another indicator.

The survey, administered by a third party, includes 6 engagement-related questions, from which a score is rendered representing the percentage of respondents whose average score on those questions is 4.5 or greater on a scale of 1 to 6.

Performance Measures	2011 Actual	2012 Outlook	2013 Target	2014 Target	2015 Target
Employee Engagement Index	54%	33%	54%	n/a*	n/a*

* The employee engagement index is an annual measure based on a survey conducted each fall, reflecting employee opinions at a particular point in time. Targets are not set beyond the current year.

Employee Engagement Index

The employee opinion survey was provided to all ICBC full-time equivalent employees (excluding contractors) in November 2012. Participation in the 2012 survey, at 65%, was lower than in previous years, possibly due in part to the timing of the survey, which followed several months of collective bargaining and took place in the midst of corporate-wide restructuring. The 2012 index score was 33%, which was below the target.

ICBC will undergo significant change in 2013 and beyond as we continue to modernize the company. Employee experience remains a priority and we are committed to our long-term strategy to improve our Employee Engagement Index score.

Maintain Financial Stability

Maintaining financial stability is an increasingly important objective in the current times. Without this, it is not possible for ICBC to help keep rates as low as possible for customers.

Strategic Objective	Strategies
Maintain Financial Stability	• Keep rates as low as possible while moderating rate fluctuations. • Manage increasing bodily injury claims costs. • Deliver an efficient and cost-focused corporation. • Align with our shareholder to support government priorities.

ICBC remains committed to providing our customers with the best insurance coverage at the lowest possible price. Over the last number of years, policyholders have benefited from our strong financial performance. Basic rates were unchanged in 2008 and 2009, reduced by 2.4% in 2010, and unchanged in 2011. However, due to increasing bodily injury costs and diminishing investment returns, ICBC filed, and was approved, an increase of 11.2% to Basic insurance effective February 1, 2012, by the British Columbia Utilities Commission (BCUC). Optional rates were reduced by an average of 6% in order to moderate the combined effect of the Basic and Optional rate adjustments for the majority of customers. Overall, for approximately 80% of ICBC's personal insurance customers, the average rate increase was $27.

Keeping auto insurance rates as low as possible for customers over the long term is a major strategic priority for ICBC over the next several years.

To achieve this, the challenging issue of rising bodily injury claims costs must be addressed. Claims costs comprise the majority of the costs incurred by ICBC, with approximately 86 cents of every premium dollar collected going to pay claims and claims-related costs. The most significant cost pressure to our business continues to be the rising cost of bodily injury claims.

Bodily injury costs are a major challenge for the insurance industry as a whole, particularly due to the increase in average cost of claims (severity) over the past several years. In BC, severity increases had been partially offset by decreases in the frequency of claims. Since 2010, however, the number of bodily injury claims started to increase. As a result, instead of helping offset the increase in the average cost of bodily injury claims, frequency is contributing to the pressures on rates. Managing the growth of claims costs remains a key strategic focus for ICBC in the forecast period. ICBC believes that the increase in bodily injury claims costs can be moderated. Nevertheless, because bodily injury claims may take a number of years to close, the benefits from our initiatives may not materialize until the medium and long term when these claims are settled.

In the past, investment income has been strong and helped to offset increases in claims costs. However, our investment return has been impacted by interest rates that are at historically low levels and by volatility in worldwide economic and capital markets. The implications are that we do not expect to rely upon investment income to the same extent as in the past.

While operating costs represent a small percentage of ICBC's total costs, it is nevertheless an area that can be changed. Overall, our operating expenses remain low compared to others in the industry (see expense ratio).

In 2011, we initiated a comprehensive internal financial review to look for ways that we can decrease operating costs and maintain future costs at these lower levels. ICBC has aggressively tackled the operating cost control issue by implementing the August 2012 Government Review recommendations to significantly reduce operating costs. We achieved this by decreasing discretionary spending and initiating zero-based budgets, as well as reducing staffing at the senior management level and eliminating management layers. ICBC has achieved a $50 million reduction in 2013 budgeted costs compared to its 2011 plan, and reduced more than 250 positions primarily in executive, management, and confidential staff. These reductions are reflected in operating cost savings throughout the forecast period.

As we look for ways to mitigate claims cost increases and manage operating costs, we aim to meet our customers' day to day needs while we continue to renew our aging technology, systems, and processes in order to better serve and provide greater value to our customers in the future.

Performance Measures and Targets

The following measures will be used to measure the performance of our financial objective.

Performance Measures[1]	2011 Actual	2012 Outlook	2013 Target	2014 Target	2015 Target
Minimum Capital Test[2]	189%	200%	Minimum 175%	Minimum 175%	Minimum 175%
Combined Ratio	109.6%	106.5%	106.4%	107.9%	108.2%
Loss Ratio	86.8%	85.7%	86.4%	87.6%	88.3%
Insurance Expense Ratio	17.3%	16.8%	16.6%	16.3%	16.1%
Transformation Program Expense Ratio	0.8%	0.6%	1.0%	1.2%	1.1%
Non-insurance Expense Ratio	3.1%	3.0%	3.1%	3.1%	3.1%
Expense Ratio (excluding DPAC)[3]	21.2%	20.4%	20.7%	20.6%	20.3%
Non-recurring Expenses — Restructuring Costs Expense Ratio	n/a	0.7%	n/a	n/a	n/a
Investment Return (Market Return)	Benchmark + 0.52%	Policy Market Benchmark Return	Policy Market Benchmark Return	Policy Market Benchmark Return	Policy Market Benchmark Return

Notes

1. Financial information for all years was prepared based on International Financial Reporting Standards (IFRS).
2. Minimum Capital Test (MCT) calculation adheres to the Guidelines for MCT for Federally Regulated Property and Casualty Insurance Companies as issued by the Office of the Superintendent of Financial Institutions Canada for the respective time period in which the guidelines apply. Pursuant to legislative change effective April 2010, ICBC transfers its excess Optional capital, less any other deduction from any amount payable as approved by the Treasury Board, to the Government of British Columbia on an annual basis. For the year 2012, government has instructed ICBC to transfer excess Optional capital to the Basic insurance line of business in order to rebuild Basic capital.
3. Deferred premium acquisition costs (DPAC) are commissions and premium taxes related to unearned premiums which are deferred and amortized to income over the term of the related policies. An actuarial evaluation is performed to determine the amount allowable for deferral.

Minimum Capital Test (MCT)

MCT is an industry measure set by the Office of the Superintendent of Financial Institutions (OSFI) for federally regulated insurance companies across Canada. The MCT is used to determine whether a company has sufficient capital levels to protect policyholders from financial risk and provide long-term financial stability.

Pursuant to legislative change effective April 2010, ICBC transfers its excess Optional capital, less any other deduction from any amount payable as approved by the Treasury Board, to the Government of British Columbia on an annual basis.

The 2012 MCT outlook is forecast at 200%, as compared to the 2011 result of 189%. For the year 2012, government has instructed ICBC to transfer excess Optional capital to the Basic insurance line of business in order to rebuild Basic capital.

Each year, ICBC reassesses its capital position and the appropriateness of its management targets for MCT through actuarial dynamic capital adequacy testing (DCAT). DCAT is a risk management technique to evaluate potential effects corresponding to exceptional but plausible events. As a result of the most recent evaluation, the MCT targets for the 2013 – 2015 forecast period are set at a minimum of 175%.

Combined Ratio

The combined ratio is a key measure of overall profitability within the insurance industry. This measure is calculated as the ratio of all costs (claims costs, claims-related costs, administrative costs, acquisition costs, and non-insurance costs) to all insurance premium dollars earned. A ratio below 100% indicates an underwriting profit while a ratio above 100% indicates an underwriting loss. ICBC's combined ratio is typically higher than the industry average. This is partially due to ICBC's mandate to deliver non-insurance services on behalf of government and these costs are reflected in the combined ratio. Also, ICBC uses its investment income to reduce premiums for its customers rather than to generate a return for shareholders as private insurers do. As a result of lower required premiums, our combined ratio is higher.

The 2012 outlook for the combined ratio is 106.5%. This is lower than the 2011 actual of 109.6% due to higher premiums earned and a favourable DPAC (deferred premium acquisition costs) adjustment.

Premiums earned reflect the flow-through of rate adjustments from prior years and the rate adjustments effective February 2012. Overall, the outlook for 2012 premiums earned is expected to increase by approximately 4% from 2011. The increase in premiums earned impacts the combined ratio, the loss ratio, and the expense ratio since insurance premium dollars earned is the denominator in all cases.

For the years 2013 – 2015, combined ratio targets reflect current expectations regarding claims cost trends and operating costs. Operating costs reflect the implementation of recommendations from the Government Review while at the same time, account for our investment in business renewal and replacement of aging technology. For the forecast, premiums earned assume required rate changes for both the Basic and Optional insurance businesses. Any proposed changes to Basic insurance rates are subject to regulatory approval.

Loss Ratio

The loss ratio is a key performance indicator within the insurance industry measuring profitability of the insurance product — the lower the percentage, the more profitable the product. This measure is calculated as the ratio of the total of claims costs and claims-related costs, including loss management costs, to total insurance premium dollars earned.

ICBC's loss ratio is typically higher than the P&C industry because our premiums are set to recover costs and to achieve and maintain capital targets. ICBC uses its investment income to offset rates for its customers, thereby allowing rates to be lower than they would be if ICBC had to generate an underwriting profit as private insurers do. As reflected in the expense ratio, we have lower relative operating costs and can pay more of each premium dollar towards claims and related costs; this results in a higher loss ratio. In addition, ICBC is also mandated to provide Basic insurance to all drivers in BC, including the category of high-risk drivers whose claims costs are proportionately higher. This results in a higher loss ratio for ICBC relative to those insurers who may limit their exposure to such drivers.

The 2012 outlook of 85.7% is lower than the 2011 actual of 86.8% primarily due to higher premiums earned and favourable prior years' claims adjustments. In spite of higher numbers of reported injury claims and increased claims costs payments, premiums earned in 2012 are expected to be marginally higher than total claims costs, which results in an overall lower loss ratio for the current period.

For the 2013 – 2015 forecast period, the loss ratio targets reflect current expectations regarding claims cost trends.

Expense Ratio

The expense ratio is a standard industry measure for assessing the percentage of each premium dollar that goes to an insurer's expenses. This measure is calculated as the ratio of non-claims costs to total insurance premium dollars earned. It includes operating costs that are not directly related to servicing claims such as general administration, commissions paid to brokers, taxes paid on premiums written, product design (underwriting), our investment in new systems and processes, and non-insurance costs such as those associated with driver and vehicle licensing and vehicle registration. To enable comparisons with industry benchmarks, the expense ratio excludes the impact of one-time, non-recurring items.

ICBC's expense ratio consists of three key components: the insurance expense ratio, the Transformation Program expense ratio, and the non-insurance expense ratio. Segregating expenses in this manner allows ICBC to better manage the costs of operating its insurance and non-insurance businesses, and to reflect the costs of technology renewal and changes to business processes associated with our Transformation Program.

ICBC's costs are lower than other automobile insurers. The overall P&C industry expense ratio for 2011 was approximately 29.7%.[9] For insurers who predominantly write auto insurance, the ratio was about 28.2%.[10] ICBC's expense ratio is lower than the industry average due to its ability to achieve economies of scale, the benefits of integrated operations, and lower marketing, underwriting, acquisition, and general administration costs.

As part of its operations, ICBC incurs non-insurance expenses in providing driver licensing, vehicle licensing and registration, and fines collection on behalf of government. The non-insurance expense ratio represents the ratio of the operations and administration costs of ICBC's non-insurance business to total insurance premium dollars earned.

The 2012 outlook expense ratio of 20.4% is expected to be much lower than the 2011 actual of 21.2% and the industry average. ICBC's expense ratio is reflective of our determined efforts to address operating cost control, to reduce staffing levels, and to manage discretionary spending.

In the 2012 outlook, ICBC has provided for a one-time, non-recurring $25 million in restructuring costs related to staff reductions. Using the expense ratio calculation, the expected impact of this provision is approximately 0.7%.

The 2013 forecast is reflective of an overall reduction of $50 million of operating expenses from 2011 budgeted costs, as per ICBC's commitment to implement the recommendations of the Government Review. ICBC recognizes the need to control and reduce operating costs in order to offset pressures from rising claims costs and lower investment yields. In the 2013 – 2015 forecast period, we expect to face operating cost pressures from ongoing relationships with suppliers, requirements to upgrade existing facilities, and reinvestment into our business through renewal of our aging technology.

[9] MSA Benchmark Report, Property & Casualty, Canada 2012 (Expense Ratio for Total Canadian Property Casualty Industry (including Lloyd's excluding ICBC and Saskatchewan Auto Fund).
[10] MSA Benchmark Report, Property & Casualty, Canada 2012 (Expense Ratio for Auto Writers excluding ICBC and Saskatchewan Auto Fund).

However, in spite of higher depreciation associated with capital expenditures from prior years, suppliers' costs and acquisition costs in the future years, ICBC's expense ratio targets are still expected to be lower than industry average, in the range of 20% to 21%. Benefits anticipated from the Transformation Program have been reflected in the target values of the forecast period.

Investment Return

Investment income is typically a significant component of any insurer's overall net income and plays an important part in reducing the cost of insurance. ICBC investment assets arise from funds set aside for unpaid claims, unearned premiums, and retained earnings. At the end of 2012, ICBC's investment portfolio had a carrying value of approximately $12 billion.

In accordance with Section 492 of the *Insurance Companies Act*, ICBC has established policies and procedures to allow for the prudent management of its investment portfolio. A *Statement of Investment Policy and Procedures* details the risk and return profile of ICBC's investments. This policy establishes guidelines for ICBC to manage the level of risk and return in the investment portfolio. The majority of investments are held in the form of fixed income investments such as bonds. Equities are held to enhance returns. The asset mix was developed with the corporation's liability profile and cash flow needs in mind to cover future claims payments, whereas the investment income generated is used to reduce the premiums that would otherwise need to be collected from our policyholders.

Investment returns, which incorporate both change in market value of assets and income generated, are closely monitored. Individual asset class returns are measured relative to the performance of standard market benchmarks. As well, the return of the overall portfolio is measured against a policy benchmark, calculated as the average of individual asset class benchmark returns, weighted according to the portfolio's strategic asset mix. Asset class benchmarks and strategic asset mix are outlined in the *ICBC Statement of Investment Policy and Procedures*.

Like other property and casualty insurers, ICBC invests heavily in fixed income instruments and is therefore subject to interest rate risk. To mitigate this risk, ICBC invests in short-term bonds, which are closely matched to the duration of its claim liabilities. ICBC's investment income is very sensitive to the general level of interest rates such that an extended period of low interest rates will have a negative impact on future investment income.

ICBC's fixed income portfolio is subject to credit risk. To mitigate this risk, it is ICBC's investment policy to hold government and investment grade bonds. ICBC also performs its own internal credit analysis. ICBC holds no exposure to European sovereign debt.

Economic growth is expected to be very modest in the upcoming year. Interest rates are expected to remain at historically low levels. Uncertainty regarding the fiscal cliff in the US and economic conditions in Europe threaten to keep investment markets volatile. ICBC is vulnerable to deterioration in equity markets and to currency fluctuations. Nevertheless, these risks are not unique to ICBC and are proactively managed by the Investment Department.

The 2013 – 2015 investment portfolio performance targets are set at the policy market benchmark return, net of fees and operating expenses. For performance measurement purposes, ICBC does not forecast the policy market benchmark return as it is the result of market forces beyond the company's control.

An external performance measurement service independently calculates returns at the portfolio, asset class, and investment manager levels.

Strategy Summary

ICBC's current objectives and targets on its strategies are contained in the following table.

Objective	Strategies	Measures	Outlook	Target		
			2012	2013	2014	2015
Improve Customer Experience	• Understand our customers and deliver on what is important to them. • Build effective relationships with stakeholders to support improved customer experience.	Insurance Services Satisfaction	97%	95%	95%	95%
		Driver Licensing Satisfaction	95%	95%	95%	95%
		Claims Services Satisfaction	90%	85%	85%	85%
Improve Employee Experience	• Support our people through change. • Develop accountable, aligned, enabled, and motivated leaders and employees.	Employee Engagement Index[1]	33%	54%	n/a	n/a
Maintain Financial Stability[2]	• Keep rates as low as possible while moderating rate fluctuations. • Manage increasing bodily injury claims costs. • Deliver an efficient and cost-focused corporation. • Align with our shareholder to support government priorities.	Minimum Capital Test	200%	Minimum 175%	Minimum 175%	Minimum 175%
		Combined Ratio • Claims & Claims-related Expenses & Insurance Expenses	103.5%	103.3%	104.8%	105.1%
		• Non-insurance Expenses	3.0%	3.1%	3.1%	3.1%
		Total	106.5%	106.4%	107.9%	108.2%
		Loss Ratio	85.7%	86.4%	87.6%	88.3%
		Expense Ratio • Insurance Expense Ratio	16.8%	16.6%	16.3%	16.1%
		• Transformation Program Expense Ratio	0.6%	1.0%	1.2%	1.1%
		• Non-insurance Expense Ratio	3.0%	3.1%	3.1%	3.1%
		Total	20.4%	20.7%	20.6%	20.3%
		Non-recurring Expenses — Restructuring Costs Expense Ratio	0.7%	n/a	n/a	n/a
		Investment Return	Policy Market Benchmark Return	Policy Market Benchmark Return	Policy Market Benchmark Return	Policy Market Benchmark Return

Notes

1. Employee Engagement Index is an annual measure. Targets are not set beyond the current year.
2. Financial information for all years was prepared based on International Financial Reporting Standards (IFRS).

Alignment with Government's Letter of Expectations

The 2013 Government's Letter of Expectations affirms ICBC's mandate to provide Basic and Optional vehicle insurance to BC motorists, provide driver licensing and vehicle licensing and registration, and administer violation tickets and provide fee and fines collection services on behalf of the Province.

In addition to outlining government's general reporting framework and general directions, the 2013 letter also provides specific direction to ICBC, including the following:

Government's Letter of Expectations	ICBC Alignment
• Comply with Treasury Board direction on the capital management frameworks for Basic and Optional insurance.	• ICBC is complying with the revised capital management frameworks for Basic and Optional insurance established by the government.
• Continue to invest in ICBC's systems, processes and products as part of a Transformation Program to meet increasing customer expectations, better ensure the reliability of systems and improve options for customers, and implement more streamlined processes for employees that will improve customer service.	• ICBC is undertaking its multi-year Transformation Program, which includes multiple projects that will collectively help ICBC improve services and options for customers and will provide employees with the tools they need to be successful and to be able to better meet customer expectations.
• Support implementation of government's new BC Services Card and continue to support government's priority policy objectives and any new priority transformational initiatives.	• ICBC is continuing to work with government and its partners to successfully implement the BC Services Card.
• Ensure the annual plan for all ICBC projects supporting government initiatives is submitted to Treasury Board for approval.	• ICBC is working with the provincial government to establish an annual planning process, including an annual plan for all ICBC projects that are implemented in support of government initiatives.
• Implement the ICBC action plan in response to the August 2012 crown review completed by Internal Audit and Advisory Services and provide regular quarterly progress updates to government.	• ICBC has begun to implement the action plan and will provide quarterly updates to government. As at December 31, 2012, ICBC has completed implementation of 16 recommendations and partially completed 8 recommendations of the 24 recommendations from the Government Review. • ICBC has begun planning for the replacement of its legacy driver licensing systems.
• Comply with government's requirements to be carbon neutral under the *Greenhouse Gas Reduction Targets Act*, including: accurately defining, measuring, reporting on, and verifying the greenhouse gas emissions from the corporation's operations; implementing aggressive measures to reduce those emissions and reporting on these reduction measures and reduction plans; and offsetting any remaining emissions through investments in the Pacific Carbon Trust, which will invest in greenhouse gas reduction projects outside of the corporation's scope of operations.	• ICBC established the 2007 baseline of the company's environmental footprint and implemented government's SMARTTOOL to track and report on the company's greenhouse gas emissions. • ICBC has met the requirement to be carbon neutral by 2010. • ICBC continues to implement initiatives to reduce our carbon footprint (e.g., continuing energy retrofits, switching to 100% recycled office paper).

Any additional direction will be incorporated throughout the year and reported in the Annual Report.

Summary Financial Outlook

The financial forecasts take into consideration ICBC's plans to address the key strategic issues and risks facing the organization and changes in the external environment. Based on these plans, planning assumptions (see page 28) are developed and are used to develop the financial forecasts below.

The net income outlook for 2012 is expected to be $249 million, as compared to the 2011 actual of $140 million. The increase in net income is primarily due to higher premiums earned, lower operating expenses and acquisition costs, offset by higher claims costs and a one-time, non-recurring restructuring cost provision related to staff reductions.

Net claims incurred are higher than prior year by $88 million due to an increase in both the frequency and severity of claims. Rising bodily injury claims costs have been an issue in the auto insurance industry for many years, especially increases in pain and suffering awards for minor injuries.

The deferred premium acquisition costs (DPAC) adjustment is favourable, as compared to the 2011 actual, by approximately $71 million as a result of higher unearned premiums, which allow for more costs to be deferred.

Investment income increased slightly by $4 million from 2011. Over the last several years, investment income has been negatively impacted by interest rates at historically low levels and volatility in equity markets. For the foreseeable future, these market dynamics are not expected to change and as a result, ICBC's investment returns cannot be relied upon to the same extent as in the past.

Throughout 2013 – 2015, ICBC will continue to work on the Transformation Program in order to renew our business and replace aging technology. This multi-year initiative is anticipated to address the customer, employee, and financial goals as defined in ICBC's corporate strategy. Through the replacement of major legacy systems and improvements to business processes, ICBC expects to improve our customers' experiences by better meeting their needs, enable our employees by putting the right systems and processes in place to better serve our customers, and improve financial performance through streamlined business processes and operational efficiencies. The forecast reflects current estimates and planning assumptions, as well as benefits anticipated from the Transformation Program.

The forecast for 2013 – 2015 is based on ICBC's status quo business model and reflects current expectations of claims costs trends and investment market conditions. As a result of these observations, claims costs are expected to be higher based on longer term claims cost trends. Investment income, though expected to increase, will be challenged by low interest rates, muted economic growth, and a volatile and uncertain investment environment in the forecast period. Capital expenditures, primarily consisting of Transformation Program costs and the ongoing renewal of information technology and facilities, will change in the forecast period. Operating expenses in 2013 reflect the recommendations of the Government Review and the $50 million reduction from 2011 budgeted costs. Premiums earned will be impacted by changes in Basic insurance rates, which are subject to regulatory approval. For the purpose of this forecast, required rate changes are assumed for both the Basic and Optional insurance businesses.

$ millions[1]	2011 (Actual)	2012 (Outlook)	2013 (Forecast)	2014 (Forecast)	2015 (Forecast)
Premiums earned	$ 3,673	$ 3,811	$ 3,969	$ 4,093	$ 4,170
Service fees	51	54	53	52	52
Investment income	441	445	457	494	495
Total revenue	**4,165**	**4,310**	**4,479**	**4,639**	**4,717**
Claims incurred (including prior years' claims adjustments)	2,866	2,954	3,096	3,251	3,360
Claims services & loss management	320	314	324	322	312
Insurance operations expenses	177	164	167	170	173
Transformation program	32	24	41	50	44
Acquisition costs (including DPAC adjustments)	517	464	456	483	480
Non-insurance expenses	113	116	119	122	124
Total expenses before additional items	**4,025**	**4,036**	**4,203**	**4,398**	**4,493**
Non-recurring expenses – restructuring costs	-	25	-	-	-
Impact of accounting change on pension expenses	-	-	19	19	19
Total expenses	**4,025**	**4,061**	**4,222**	**4,417**	**4,512**
Net income	**140**	**249**	**257**	**222**	**205**
Other comprehensive income (loss)					
Net change in available-for-sale financial assets	(244)	82	(28)	(57)	(37)
Pension and post-retirement benefits actuarial loss	(68)	(9)	-	-	-
Total comprehensive income	(172)	322	229	165	168
Total equity – beginning of year	3,199	2,926	3,248	3,251	3,240
Transfer of excess Optional capital to the Government of British Columbia	(101)	-	(226)	(176)	(137)
Total equity – end of year	**2,926**	**3,248**	**3,251**	**3,240**	**3,271**
Represented by:					
Retained earnings – end of year	2,654	2,894	2,925	2,971	3,039
Other components of equity	272	354	326	269	232
Total equity – end of year	**$ 2,926**	**$ 3,248**	**$ 3,251**	**$ 3,240**	**$ 3,271**
Capital expenditures[2]	**$ 86**	**$ 77**	**$ 73**	**$ 68**	**$ 59**
Long-term debt	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

Notes

1. Financial information for all years was prepared based on International Financial Reporting Standards (IFRS).
2. Major categories of capital expenditure include: facilities (land, building, and leasehold), furniture and equipment, IT systems (computer equipment and software). Looking ahead, ICBC expects capital expenditures will change in the forecast period as the company maintains or replaces aging infrastructure, including replacement or upgrade of facilities, and as critical business systems are renewed.

Operating Costs By Nature

$ millions	2011* (Actual)	2012 (Outlook)	2013 (Forecast)	2014 (Forecast)	2015 (Forecast)
Premium taxes and commissions	$ 484	$ 502	$ 514	$ 523	$ 526
DPAC adjustments	60	(11)	(30)	(11)	(16)
Salaries and employee benefits	429	426	426		
Professional and other services	57	42	43		
Road improvements and other traffic safety programs	34	32	33		
Building operating expenses	32	32	34	635**	623**
Office administration	19	17	18		
Computer costs	23	23	27		
Depreciation and amortization	18	24	33		
Other expenses	3	(5)	9		
Total operating costs before additional items	1,159	1,082	1,107	1,147	1,133
Non-recurring expenses – restructuring costs	-	25	-	-	-
Impact of accounting change on pension expenses	-	-	19	19	19
Total operating costs	$ 1,159	$ 1,107	$ 1,126	$ 1,166	$ 1,152

* Restated to reflect current year reporting.
** Operating cost targets are not planned in detail beyond the current year.

Assumptions

- The outlook is based on the status quo business model and the company's expected investment in the renewal of existing systems.
- These results reflect the overall operations of the business including Basic and Optional insurance and non-insurance activities.
- For the 2013 – 2015 forecast period, required rate changes are assumed for both the Basic and Optional insurance businesses. Any proposed changes to Basic insurance rates are subject to regulatory approval.
- Investment income as shown includes the expected interest, dividends, other income and realized gains/losses from the investment portfolio.
- Claims incurred reflect current claims trends, vehicle population growth, and inflation.
- Prior years' claims reflect changes in the discounted value of unpaid claims.
- Operating expense includes an additional $19 million of pension expenses in the forecast period that will arise primarily as a result of changes to the rate used to discount pensions due to an amendment to the IFRS accounting policy.
- 2012 outlook includes an estimate of $25 million of restructuring costs, which are not expected to recur in the forecast period.
- 2012 outlook includes an estimate of the 2012 pension and post-retirement actuarial loss, primarily due to the decrease in the discount rate from the prior year end and to a lower than expected return from plan assets. The financial forecast does not reflect any impact of changes in pension contribution due to the COPE/ICBC Pension Plan.
- The transfer of excess Optional capital to the Government of British Columbia is the amount of Optional capital in excess of the management target MCT and the estimated costs for the total Transformation Program and any other deductions as approved by Treasury Board. For the year 2012, government has instructed ICBC to transfer excess Optional capital to the Basic insurance line of business in order to rebuild Basic capital. The 2013 – 2015 forecasts assume a resumption of the transfers of excess Optional capital to the Government of British Columbia.
- Changes in unrealized gains and losses continue to impact Other Components of Equity (OCE) in 2013 – 2015 until proposed changes in the accounting standard are in effect.
- The amount of Driver Penalty Point premiums and/or Driver Risk Premiums included in the forecast is based on current estimates.

Forecast Risks and Sensitivities

Premiums

- 1% fluctuation means $38 – $42 million in net premiums.

Claims

- 1% fluctuation means $30 – $34 million in claims costs.
- 1% fluctuation in the unpaid claims balance means $65 – $81 million in claims costs.

Investments

- 1% fluctuation in return means $115 – $135 million in investment income.
- 1% change in investment balance means $4 – $5 million in investment income.

Market share

- 1% change in market share represents a $4 – $6 million impact on net income.

Major Capital Projects

ICBC is committed to the modernization of the company through the Transformation Program, which includes the replacement of our aging technology and helps put the right systems and business processes in place to support the services customers expect, and to deliver on future financial savings.

The Transformation Program will include the renewal of our claims and insurance core systems. These new systems will help improve and streamline our business processes, and provide our employees with the tools they need to be successful and to be able to better meet customer expectations.

For risks associated with the Transformation Program, please see the *Business Renewal* risk under the Key Strategic Risks section on page 13.

Major Capital Projects***

$ millions	Cumulative Prior Years (Actual)	2012 (Outlook)	2013 (Forecast)	2014 (Forecast)	2015 (Forecast)	Projected Costs to Complete	Total Project Cost (Forecast)
Transformation Program	$48	$56	$53	$37	$23	$4	$221

*** This table reflects projects with capital expenditures over $50 million. The capital expenditures in this table are a subset of the capital expenditures already reported above in the Summary Financial Outlook on page 27.

HEAD OFFICE

151 W Esplanade
North Vancouver, BC
V7M 3H9

604-661-2800
1-800-663-3051

ADDITIONAL INFORMATION

Additional information about ICBC is available at www.icbc.com

PI295E (022013)